(b) EXTENSION.—(1) Section 1832(cXH) of such title is amended by striking out "October 1, 1989" and inserting in lieu thereof "October 1, 1991".

(2) The amendment made by paragraph (1) shall take effect as of October 1, 1989.

Effective date

38 use 1832 note.

SEC. **309.** REFINANCING LOANS.

(1) REPEAL OF LIMITATION ON AMOUNT OF REFINANCING LOAN.—Section 1810 is amended by striking out subsection (h).

(2) CONDITIONS FOR GUARANTEEING OR MAKING A REFINANCING LOAN.—Subsection (b) of section 1810 is amended—

(1) in clause (5)—

(3) by inserting "except in the case of a loan described in clause (7) or (8) of this subsection," after "(5)"; and

(4) by striking out "and," at the end;

(5) by striking out the period at the end of clause (6) and inserting in lieu thereof a semicolon; and

(6) by adding at the end the following new clauses:

"(7) in the case of a loan (other than a loan made for a purpose specified in subsection (aX8) of this section) that is made to refinance—

"(A) a construction loan,

"(B) an installment land sales contract, or

"(C) a loan assumed by the veteran that provides for a lower interest rate than the loan being refinanced,

the amount of the loan to be guaranteed or made does not exceed the lesser of—

"(i) the reasonable value of the dwelling or farm residence securing the loan, as determined pursuant to section 1831 of this title; or

"(ii) the sum of the outstanding balance on the loan to be refinanced and the closing costs (including discounts) actually paid by the veteran, as specified by the Secretary in regulations; and

"(8) in the case of a loan to refinance a loan (other than a loan or installment sales contract described in clause (7) of this subsection or a loan made for a purpose specified in subsection (aX8) of this section), the amount of the loan to be guaranteed or made does not exceed 90 percent of the reasonable value of the dwelling or farm residence securing the loan, as determined pursuant to section 1831 of this title.'.

SEC. **310.** COMPUTATION OF ENTITLEMENT AMOUNT.

Section 1802(b) is amended—

(7) by striking out "or" at the end of clause (1XB);

(8) by striking out the period at the end of clause (2) and inserting in lieu thereof "; or"; and

(3) by inserting after clause (2) the following new clause:

"(3XA) the loan has been repaid in full; and

"(B) the loan for which the veteran seeks to use

entitlement
under this chapter is secured by the same property which secured the loan referred to in subparagraph (A) of this paragraph.".

SEC. 311. WAIVER OF INDEBTEDNESS TO THE UNITED STATES.

Section 3102 is amended—